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C O N F I D E N T I A L SECTION 01 OF 05 NEW DELHI 003909

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TAGS: [PGOV](#) [PREL](#) [ETRD](#) [ECON](#) [MARR](#) [JA](#) [IN](#)

SUBJECT: JAPANESE PM ABE TAKES ECONOMIC & SECURITY TIES
WITH INDIA TO NEXT LEVEL

REF: A. TOKYO 3765

[1](#)B. KOLKOTA 256

Classified By: Acting PolCouns Atul Keshap for Reasons 1.5 (B)(D)

[1](#)1. (C) SUMMARY: Calling Prime Minister Shinzo Abe's August 21-23 visit to New Delhi a "historic milestone" which witnessed the elevation of the Indo-Japan Global and Strategic Partnership, Japanese Embassy colleagues in New Delhi claimed to be "very happy" with the trip. Ministry of External Affairs Director (East Asia) C.P. Rajashekhar agreed, saying India viewed the summit as a "success." Leaving behind intense domestic pressures in Japan (ref A) for a three day visit to India from August 20-23, Japanese Prime Minister Abe found a warm reception for his vision of an enhanced Strategic and Global Partnership between Japan and India. Press coverage was positive and approving, if not overly enthusiastic, while Abe's address to Parliament received a rousing response. Abe's visit focused primarily on economic and security cooperation, along with climate change and people-to-people exchanges. Abe and Prime Minister Singh produced two joint statements: one a 39-point "Roadmap for New Dimensions to the Strategic and Global Partnership," and the other a set of agreements concerning environmental protection and energy security. Abe also visited Kolkota (reported in ref B). While there was no specific mention of a "quadrilateral" dialogue, nor unqualified support for the civil-nuclear initiative, American interests were served by this visit, as closer bilateral India-Japan ties along the lines of what Abe and Singh agreed will support our broader goals in the region of promoting security, economic investment, prosperity, and democracy. End Summary.

Security, Economics, Environment Highlight Warm And Fuzzy Trip

¶2. (C) Noting that the chief purpose of PM Abe's visit to India was to elevate the "Global and Strategic Partnership" between Japan and India to the next level, Japanese Embassy Minister-Counselor for Political Affairs Takio Yamada told Poloff that Japan was "very happy" with the "historic milestone" this visit represented. Despite lofty labels for the relationship, such as the expansion of the strategic relationship to the "Global and Strategic Partnership," Yamada described Indo-Japan ties in the past as "virtual," adding that this visit had brought tangible, substantive measures to the partnership. In fact, Yamada stated, the relationship was materializing quicker than most on the Japanese side had expected. Describing the highlights of the visit, Yamada pointed to agreements on security cooperation, economic cooperation, and an environment/climate change. He also expressed satisfaction at the reception given to Abe, saying the atmospherics of the visit proved the improved nature of the relationship. Rajashekher echoed Yamada's assessment, also highlighting security cooperation, Japanese investment in India and the agreement on climate change as India's most important take-aways, adding that this visit served to concretely define how the enhanced relationship will proceed.

Abe's Vision of a "Broader Asia" Woos Parliament

¶3. (C) Abe's August 22 address to Parliament presented a vision for broadly enhanced cooperation between India and Japan, built upon a foundation of deep, historic ties and

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shared values between the two peoples. Entitled "Confluence of the Two Seas," Abe echoed Swami Vivekananda when he envisaged the Pacific and Indian Oceans "bringing about a dynamic coupling as seas of freedom and of prosperity." That confluence will produce a "broader Asia," Abe explained, to include countries like the U.S. and Australia, dissolving geographical boundaries. In the "open and transparent" network that India-Japan relations seek to create, Abe called for the free flow of people, goods, capital, and knowledge. Both Yamada and Rajashekhar highlighted the remarkable reception Abe's speech received by Members of Parliament, including 30 interruptions for applause and a standing ovation at the end. Rajashekher, who had received an advance copy of the speech and was skeptical about the reception it might receive, praised Abe's delivery and sincerity in front of the MPs.

The "Roadmap" Outlines Future Security Cooperation, Avoids Mention Of A Quad

¶4. (C) In the joint statement entitled "On the Roadmap for New Dimensions to the Strategic and Global Partnership between Japan and India," the two leaders emphasized that the basis for enhanced cooperation lies in the shared universal values of democracy, open society, human rights, rule of law and market economy, along with shared interests in promoting peace, stability and prosperity in Asia and the world. Addressing security concerns, Abe and Singh recognized shared interests in maintaining secure sea lanes in the Asia Pacific and Indian Ocean, and fighting transnational crimes, terrorism, piracy and proliferation of WMD. The two leaders directed respective authorities to study future courses of security cooperation, and agreed to deepen and broaden strategic dialogues at various levels. In addition to previously declared dialogue initiatives, they will commence a bi-annual Foreign Secretary/Vice Minister level dialogue, and an exchange program for young diplomats. Regarding defense exchanges, the statement called for "steady and qualitative upgradation of cooperation," including in the areas of counterterrorism, technical exchange, and joint exercises and training. In their private conversation, Abe

and Singh reaffirmed their commitment to conducting the Malabar 07 exercise in September off India's coast, in conjunction with the U.S., Australia and Singapore. The two sides will also enhance reciprocal visits of Defense Ministers and maritime security efforts through cooperation between their Coast Guards. The "Hindu" quoted Abe as saying both countries saw "eye-to-eye" on defense cooperation and reported that External Affairs Minister Pranab Mukherjee called Abe to express India's desire to strengthen defense cooperation in the Straits of Malacca. Rajashekher reported that although greater defense cooperation had been called for in previous joint statements, this time the mechanisms were more clearly defined and the plan was more ambitious than before.

15. (C) In a veiled reference to the so-called quadrilateral dialogue between the U.S., India, Japan and Australia, which both Yamada and Rajashekher agreed was too politically sensitive at this time to be formally addressed, the joint statement, basically repeating the December 15 declaration in Tokyo, merely considered it "useful" to have dialogues among Japan, India, and "other like-minded countries in the Asia-Pacific region on themes of mutual interest." Regarding cooperation in regional security fora, Abe and Singh

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confirmed the importance of the East Asia Summit (EAS) in the "progressive realization of an East Asian community," and agreed to work jointly to promote this objective. Abe commended India's leadership at the 14th Summit Meeting of the South Asian Association for Regional Cooperation (SAARC), and pledged continued cooperation between Japan and SAARC through the Japan-SAARC Special Fund. The two leaders agreed to promote "multi-layered frameworks and dialogues for regional cooperation" in Asia, including the EAS, SAARC, and the ASEAN Regional Forum. Concerning North Korea and nonproliferation, they "welcomed the recent progress made in the Six Party Talks" and the commencement of the IAEA's activities in the DPRK; Yamada also noted India's support for resolving the DPRK abduction issue. On terrorism, they agreed to strengthen cooperation through a Joint Working Group on Counter-Terrorism.

Freight, Industrial Corridors Highlight Burgeoning Economic Cooperation

16. (C) Rajashekher said he believed the most under-reported aspect of the visit was the progress made in economic cooperation. The Prime Minister captured this sentiment in his public remarks by saying "the time has come" for Japanese companies in India and "Japan must regain its historic status as our most important business partner in Asia." Abe was accompanied by a 200-strong business delegation that included corporate executives from Japanese companies such as Toyota, Canon, Mitsubishi, Honda, and others. The "flagship" of the economic agreements, according to Rajashekher, is the agreement to move forward on the Delhi-Mumbai freight corridor. This project, which has been discussed in previous summits, is set to take off in October, Rajashekher said, when a feasibility study is completed and decisions on which options to pursue begin to be made. An "industrial corridor" would build on the freight corridor, Yamada explained, following the Japanese model of development. India stands to gain badly needed improvements in infrastructure and foreign direct investment from these projects, while Japanese companies such as Suzuki and Honda, which will be on the freight corridor, hope to increase exports, according to Yamada. With the Delhi metro becoming an identifiable symbol of Japanese investment in Indian infrastructure, Abe's visit created further momentum for the Japan Bank for International Cooperation's (JBIC) partial funding of the Rail Freight Corridor through a soft loan. Both sides agreed to expedite work on a "Comprehensive Economic Partnership (CEP)." While Commerce Minister Kamal Nath stated a desire to complete a CEP by the end of 2007, Yamada suggested it would likely take

at least a year to conclude such a deal.

17. (C) Hoping to triple bilateral trade within the next three years, the two sides agreed to work towards an annual trade volume of USD 20 billion by 2010 and thereby reduce Indian dependence on China, often touted to overtake the U.S. to become India's largest trading partner. Yamada emphasized Japan's commitment to Official Development Assistance (ODA) to India, already the largest recipient of Japanese aid, saying that total aid is expected to approach USD 1.5 billion in the next year, and adding that the Japanese Bank for International Cooperation (JBIC) has found India to be one of its most reliable customers. Japanese ODA will target infrastructure development, poverty reduction, and social sector development, as well as in environmental and energy cooperation. They welcomed an agreement-in-principle on a

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bilateral currency swap, which aims to address short-term liquidity difficulties, an initiative which grew out of the 1997 Asian financial crisis, Yamada said. This puts India on par with seven other countries that have a cash swap arrangement with Japan -- including China, Malaysia, South Korea, and Singapore in Asia. Addressing Doha Round negotiations in the WTO, the two leaders expressed their "resolve to cooperate closely to achieve a balanced and comprehensive agreement."

Environment and Energy Goals Addressed in Separate Statement

18. (C) In a rare issue-specific joint statement -- something India normally doesn't do, Rajashekher said, but agreed to in this case as a signal of the special relationship which has formed -- India pledged its support in recognizing the "urgent need" to address climate change, while agreeing that progress should be made "in a manner that does not foreclose the possibilities of accelerated economic and social development." Abe elaborated upon the "three proposals and three principles" that constitute the main pillars of his "Cool Earth 50" proposal presented in May 2007, and reiterated the need to cut global greenhouse gas emissions by half by 2050. Singh welcomed Japanese efforts to meet emission targets set under the Kyoto Protocol. Singh also appreciated Abe's willingness to create a new financial mechanism to assist developing countries, instead of diverting existing financial assistance. Rajashekher said he saw this separate joint statement as a building block in Abe's plans to progressively advance his climate change initiative, which will culminate in a ready-for-prime-time initiative to be presented at the G8 summit in Hokkaido in 2008.

"Cooperative Spirit" On Nuclear Energy

19. (C) Amidst indications that it would be challenging for Tokyo to support New Delhi in the Nuclear Suppliers Group, Abe and Singh declared that the two leaders "looked forward to constructive deliberations at the relevant international fora with respect to the international civil nuclear cooperation framework under appropriate IAEA safeguards with India." Rajashekher related that PM Singh had personally asked PM Abe for Japan's support in the NSG on the U.S.-India civil-nuclear agreement, to which Abe, citing Japan's special circumstances regarding nuclear issues, cautiously replied that Japan will study the agreement and look to proceed in a "cooperative spirit." (Note: Japanese Embassy officials in Delhi tell us that privately Japan has assured the Indian government of support in the NSG, but cannot come out publicly in favor of the deal because of its strong nonproliferation background. End Note.)

Comment: U.S. Interests Advanced Through Better Japan-India Ties

¶10. (C) With a backdrop of heated debate in the Indian parliament over the proper extent of U.S.-India relations, PM Abe's visit was a welcome success for advancing relations between two countries whose values are so aligned with ours, and therefore, for advancing U.S. interests. Support for U.S. core values such tolerance, democracy, prosperity, freedom, and respect for human rights -- all of which Abe

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stressed in his parliament speech -- were applauded by Indian MPs and the press -- in stark contrast to the vilification of the U.S. by Left opposition parties in the days leading up to Abe's visit. Other U.S. goals, such as improving India's infrastructure, maritime security, and deepening defense cooperation also featured prominently in this visit. It is telling that domestic sensitivities and concerns of upsetting China -- also something we share with India and Japan -- muted discussion of quadrilateral cooperation, UNSC reform, and civil-nuclear cooperation, but overall this was a visit that drew these important friends of America closer. While opposition parties here will continue to play politics under the guise of questioning India's relationship with America, this visit reiterated that India, Japan and the U.S. have similar core values and share, in general terms, a broader strategic vision for Asia that is consonant with our own.

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